

Texas Commerce Bank — San Angelo

NATIONAL ASSOCIATION

P.O. BOX 5291, SAN ANGELO, TEXAS 76902-5291
TELEPHONE (915) 653-5911

January 7, 1992

The Secretary
Interstate Commerce Commission
12th and Constitutional Avenue N.W.
Washington, D.C. 20403

2-049A075
17707
FEB 18 1992 -3 10 PM

INTERSTATE COMMERCE COMMISSION

Attention: Ms. Mildred Lee, Room 2303

RE: Documents for Recording

Dear Secretary:

I have enclosed an original and counter part of the document described below, to be recorded pursuant to section 11303 of Title 49 of the U.S. Code.

This document is a mortgage and assignment of lease, a primary document, dated December 2, 1991.

We request that this assignment be cross-indexed. The name and addresses of the parties to the documents are as follows:

Mortgagor: San Angelo Tank Car Line, Inc.
P.O. Box 5700, San Angelo, Tx 76902

Mortgagee: Texas Commerce Bank-San Angelo, National Association
P.O. Box 5291, San Angelo, Tx 76902-5291

A description of the inventory covered by the document follows:

Three Railroad Cars-AAR Mechanical Designation:
Class 111A100W1: Car Type T103; Serial Numbers
#SANX 2006. SANX 2007, SANX 2008; Automatic
Identification Code 1526

A fee of \$15.00 is enclosed. After recordation, please return a original document to Texas Commerce Bank, National Association, P.O. Box 2558, Houston, Tx. 77252-2558, Attn: Martha Guerrero, 4 TCB-E-69.

A short summary of the document to appear in the index follows: Security Agreement-Inventory between San Angelo Tank Car Line, Inc. and Texas Commerce Bank-San Angelo, National Association, and covering three railroad tank cars.

Sincerely,

Martha Guerrero
Martha Guerrero
Vice President



San Angelo

MEMBER TEXAS COMMERCE BANCSHARES, INC.

Interstate Commerce Commission
Washington, D.C. 20423

2/20/92

OFFICE OF THE SECRETARY

Martha Guerrero

Vice President

Texas Commerce Bank-San Angelo

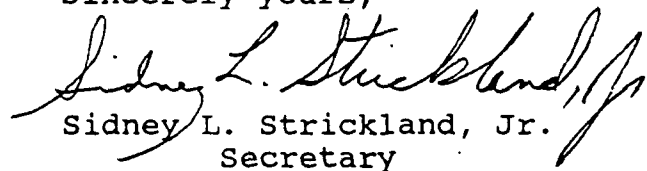
P.O.Box 5291

San Angelo, Texas 76902-5291

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 2/18/92 at 3:10pm, and assigned recordation number(s). 17707 & 17707-A

Sincerely yours,


Sidney L. Strickland, Jr.
Secretary

100 17707

TEXAS COMMERCE BANK-SAN ANGELO, NATIONAL ASSOCIATION
SECURITY AGREEMENT — INVENTORY

SAN ANGELO TANK CAR LINE, INC.

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hereinafter called "Debtor," and

TEXAS COMMERCE BANK-SAN ANGELO, NATIONAL ASSOCIATION

301 WEST BEAUREGARD

P. O. BOX 5291

SAN ANGELO, TOM GREEN COUNTY, TEXAS

76902 - 5291

hereinafter called "Secured Party," agree as follows:

SECTION I. CREATION OF SECURITY INTEREST.

In order to secure the prompt and unconditional payment of the indebtedness herein referred to and the performance of the obligations, covenants, agreements and undertakings of Debtor herein described, Debtor hereby grants to Secured Party a security interest in all goods, merchandise, raw materials, goods in process, finished goods, and other tangible personal property of whatever nature now owned by Debtor or hereafter from time to time existing or acquired, and held for sale or lease or furnished or to be furnished under contracts of service or used or usable or consumed or consumable in Debtor's business and all accessions and appurtenances thereto, and all accounts, receivables, accounts receivables, instruments, notes, chattel paper, documents (including, without limitation, all documents of title), contract rights and general intangibles, arising in connection with any of the foregoing (hereinafter collectively called the "Collateral") and all products and proceeds of the Collateral (including, without limitation, all insurance and claims for insurance affected or held for the benefit of Debtor or Secured Party in respect of the "Collateral"). If, and only if, this ☒ is checked, the Collateral shall be solely that inventory described on the Page 4 hereof under Collateral Description, together with accessions and appurtenances thereto and proceeds thereof. The inclusion of proceeds does not authorize Debtor to sell, dispose of or otherwise use the Collateral in any manner not authorized herein.

SECTION II. SECURED INDEBTEDNESS.

This Security Agreement-Inventory (hereinafter called this "Agreement") is made to secure and enforce the payment and performance of all debts, obligations and liabilities of every kind and character of Debtor now or hereafter existing in favor of Secured Party whether such debts, obligations or liabilities be direct or indirect, primary or secondary, joint or several, fixed or contingent, and whether originally payable to Secured Party or to a third party and subsequently acquired by Secured Party and whether such debts, obligations or liabilities are evidenced by note, open account, overdraft, application for letter of credit, endorsement, surety agreement, guaranty or otherwise, it being contemplated that Debtor may hereafter become indebted to Secured Party in further sum or sums, and all modifications, renewals or extensions of or substitutions for, any of the foregoing. All such indebtedness is hereinafter sometimes called the "secured indebtedness" or the "indebtedness secured hereby."

SECTION III. REPRESENTATIONS AND WARRANTIES.

Debtor represents, warrants and covenants that Debtor is now in a solvent condition; that no bankruptcy or insolvency proceedings are pending or contemplated by or against Debtor; that all information, reports, statements and other data furnished by or on behalf of Debtor to Secured Party prior to, contemporaneously with or subsequent to the execution of this Agreement or in connection with the indebtedness secured hereby are and shall be true and correct and do not and will not omit to state any fact or circumstance necessary to make the statements contained therein not misleading; that Debtor is the lawful owner of good and marketable title to the Collateral and has good right and authority to grant a security interest in the Collateral; that the Collateral is free and clear from all security interests and encumbrances except the security interest evidenced hereby; that the Collateral is not and will not become subject to setoff, counterclaim, defense, allowance or adjustment (other than warranty claims, the aggregate amount of which shall not be material) other than the security interest of Secured Party under this Agreement; that there is no financing statement covering any interest of any kind in the Collateral or its proceeds on file in any public office; that the Collateral and the intended use thereof by Debtor comply with all applicable laws, rules and regulations; that the Collateral is free from damage caused by fire or other casualty; that this Agreement constitutes the legal, valid and binding obligation of Debtor enforceable against Debtor in accordance with its terms; that the execution, delivery and performance of this Agreement do not and will not contravene or violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect and applicable to Debtor or result in a breach of or constitute a default (with or without the giving of notice or the lapse of time or both) under any indenture or any loan, credit or other agreement to which Debtor is a party or by which Debtor or any of Debtor's property may be bound or affected; that the execution, delivery and performance of this Agreement does not require the consent or approval of any person including, without limitation, any regulatory body or governmental authority; and that Debtor will warrant and forever defend the title to the Collateral and its proceeds against the claims of all persons whomsoever claiming or to claim the same or any part thereof; that the location of Debtor is the address set forth at the beginning of this Agreement and in this regard, Debtor's location is defined to mean (i) Debtor's place of business if Debtor has only one such place of business; (ii) Debtor's chief executive office if Debtor has more than one place of business; or (iii) Debtor's residence if Debtor has no place of business; that all of Debtor's books and records with regard to its accounts, contract rights, general intangibles and leases which are a part of the Collateral are maintained and kept at the address of Debtor set forth in this Agreement; that Debtor has never changed its name, whether by amendment of its organizational documents or otherwise; that no part of the Collateral is covered by a certificate of title or subject to any certificate of title law; and that no part of the Collateral consists or will consist of consumer goods, farm products, timber, minerals and the like (including oil and gas) or accounts resulting from the sale thereof.

SECTION IV. COVENANTS.

4.1. Debtor covenants and agrees with Secured Party as follows:

(a) Debtor shall make prompt payment, as the same becomes due, of all indebtedness secured hereby in accordance with the terms and provisions of the agreements evidencing such indebtedness.

(b) If Debtor is a corporation, Debtor will continuously maintain Debtor's corporate existence.

(c) Debtor will cause the Collateral to be maintained in accordance with all applicable laws and rules, regulations and orders promulgated by all duly constituted authorities. Debtor will not do or suffer to be done any act whereby the value of any part of the Collateral may be lessened. Debtor will allow Secured Party or its authorized representative to inspect the Collateral and inspect, audit and copy Debtor's books and records pertaining thereto and Debtor will assist Secured Party or said representative in whatever way necessary to make such inspection. If Debtor receives notice from any federal, state or other governmental entity that the Collateral or any use thereof is not in compliance with any applicable law, rule, regulation or order, Debtor will promptly furnish a copy of such notice to Secured Party.

(d) Debtor will cause all debts and liabilities of any character including, without limitation, all debts and liabilities for labor, material and equipment, incurred in the maintenance of the Collateral to be promptly paid.

(e) Debtor will cause to be paid prior to delinquency all taxes and assessments heretofore or hereafter levied or assessed against the Collateral, or any part thereof, or against the Secured Party for or on account of the indebtedness secured hereby or the interest created by this Agreement and will furnish Secured Party with receipts showing payment of such taxes and assessments at least ten (10) days prior to the applicable default date therefor.

(f) Debtor will keep that portion of the Collateral which is tangible personal property insured in an amount equal to the full insurable value thereof against loss or damage by fire, theft, collision and other hazards as may be required by Secured Party by policies of fire, extended coverage and other insurance in such company or companies, and in the case of motor vehicles, collision insurance, in such amounts, upon such terms and provisions, and with such endorsements, all as may be acceptable to Secured Party. Such insurance policies shall also contain a standard mortgagee's endorsement providing for payment of any loss to Secured Party. All policies of insurance shall provide for ten (10) days written minimum cancellation notice to Secured Party. All drafts or instruments of any kind evidencing payment under any such insurance policies which come into the possession of Debtor shall be immediately delivered to Secured Party. No such policies shall be payable to any party other than Secured Party and Debtor. Debtor shall furnish Secured Party with certificates or other evidence satisfactory to Secured Party of compliance with the foregoing insurance provisions. Duplicate originals of all policies, verifications, binders and cover notes covering any of the Collateral shall be delivered to Secured Party upon demand. Secured Party may act as attorney for Debtor in obtaining, adjusting, settling and cancelling such insurance and endorsing any drafts drawn by insurers of the Collateral. Secured Party may apply any proceeds of such insurance which may be received by it in payment on account of the obligations secured hereby, whether due or not.

(g) If the validity or priority of this Agreement or of any rights, titles, security interests or other interests created or evidenced hereby shall be attacked, endangered or questioned, or if any legal proceedings are instituted with respect thereto, Debtor will give prompt written notice thereof to Secured Party and, at Debtor's own cost and expense, will diligently endeavor to cure any defect that may be developed or claimed, and will take all necessary and proper steps for the defense of such legal proceedings, and Secured Party (whether or not named as a party to legal proceedings with respect thereto) is hereby authorized and empowered to take such additional steps as in its judgment and discretion may be necessary or proper for the defense of any such legal proceedings or the protection of the validity or priority of this Agreement and the rights, titles, security interests and other interests created or evidenced hereby, and all expenses so incurred of every kind and character shall be a demand obligation owing by Debtor and shall bear interest from date of expenditure until paid at the same rate provided for past-due principal and interest in the principal obligation (the "Past Due Rate"). The principal obligation shall be (1) the note secured hereby; (2) if more than one note is secured hereby, the note with the largest face amount; and (3) if no note is secured hereby, the obligation with the largest face amount.

(h) Debtor will, on request of Secured Party, (i) promptly correct any defect, error or omission which may be discovered in the contents of this Agreement or in any other instrument executed in connection herewith or in the execution or acknowledgement thereof; (ii) execute, acknowledge, deliver, and record or file such further instruments (including without limitation further security agreements, financing statements and continuation statements) and do such further acts as may be necessary, desirable or proper to carry out more effectively the purposes of this Agreement and such other instruments and to subject to the security interest hereof and thereof any property intended by the terms hereof and thereof to be covered hereby and thereby including specifically, but without limitation, any renewals, additions, substitutions, replacements or appurtenances to the then Collateral; and (iii) execute, acknowledge, deliver, procure, and record or file any document or instrument

(including specifically any financing agreement) deemed advisable by Secured Party to protect the security interest hereunder against the rights or interests of third persons, and Debtor will pay all costs connected with any of the foregoing.

(I) Notwithstanding the security interest in proceeds granted herein, Debtor will not sell, lease, exchange, lend, rent, assign, transfer or otherwise dispose of all or any part of the Collateral or any interest therein or permit the title to the Collateral, or any interest therein, to be vested in any other party, in any manner whatsoever, by operation of law or otherwise, except for sales in the ordinary course of business or sales as authorized in this Agreement or in writing by Secured Party.

(J) To the extent not prohibited by law, Debtor will pay, or reimburse Secured Party for, all costs and expenses, of every character, incurred or expended from time to time (including, but not limited to, the fees and expenses of counsel for Secured Party) in connection with the negotiation, preparation, execution, filing, recording, refiling and re-recording of this Agreement and all related financing statements and the making, servicing and collection of the indebtedness secured hereby; any and all stamp, mortgage and recording taxes; the costs of any title insurance or lien insurance purchased by Secured Party in connection herewith; all costs of negotiation, preparation, execution and delivery of any and all amendments, modifications, supplements, consents, waivers or other documents or writings relating to the transactions contemplated by this Agreement; and all costs (including attorneys' fees) of reviewing title opinions and security opinions relating to the indebtedness secured hereby. Debtor will reimburse Secured Party for all amounts expended by Secured Party to satisfy any obligation of Debtor under this Agreement or to protect the Collateral. In addition, whether or not a default shall have occurred, Debtor will pay, or reimburse Secured Party for, all costs and expenses, of every character incurred or expended from time to time in connection with the evaluation, monitoring, administration and protection of the Collateral and the exercise by Secured Party of any of its rights and remedies hereunder or at law (including, but not limited to, all appraisal fees, consulting fees, brokerage fees and commissions, insurance premiums, Uniform Commercial Code search fees, fees incident to title searches and reports, investigation costs, escrow fees, attorneys' fees, legal expenses, fees of auditors and accountants, court costs, fees of governmental authorities, auctioneer fees and expenses, and all fees and expenses incurred in connection with the marshalling, guarding, management, operation, removal, maintenance, cleanup, storage, auction and liquidation of the Collateral). Any amount to be paid or reimbursed by Debtor to Secured Party shall be a demand obligation owing by Debtor to Secured Party and, to the extent not prohibited by law, shall bear interest from the date of expenditure by Secured Party until paid at the Past Due Rate.

(K) Debtor shall account fully and faithfully for and, if Secured Party so elects, shall promptly pay or turn over to Secured Party the proceeds in whatever form received from the sale or disposition in any manner of any of the Collateral, whether the indebtedness secured hereby is mature or not, the order and method of application to be in the sole discretion of Secured Party, except as otherwise specifically authorized herein. Debtor shall at all times keep the Collateral and its proceeds separate and distinct from other property of Debtor's and shall keep accurate and complete records of the Collateral and its proceeds.

(L) Subject to Subsection 4.1(m) of this Agreement, the Collateral is and shall remain in Debtor's possession or control at all times at Debtor's risk of loss and be kept at

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where Secured Party may inspect it at any time, except for its temporary removal in connection with its ordinary use or unless Debtor notifies Secured Party in writing and Secured Party consents in writing in advance of its removal to another location.

(m) If the security interest evidenced hereby is a purchase money security interest and the Collateral is not located at the place indicated above in Subsection 4.1(l) as of the date of this Agreement, the Collateral shall come into Debtor's possession at the place shown above in Subsection 4.1(l) within thirty (30) days from the date of this Agreement. If the security interest evidenced hereby is not a purchase money security interest and the Collateral is not in the state of Texas as of the date of this Agreement, the security interest in such Collateral shall not attach to such Collateral until it arrives in the state of Texas.

(n) Debtor will not change its address, location, name, identity or structure without notifying Secured Party of such change in writing at least thirty (30) days prior to the effective date of such change.

4.2. Debtor agrees that, if Debtor fails to perform any act or to take any action which hereunder Debtor is required to perform or take, or to pay any money which hereunder Debtor is required to pay, Secured Party, in Debtor's name or in its own name, may but shall not be obligated to perform or cause to be performed such act or take such action or pay such money, and any expenses so incurred by Secured Party and any money so paid by Secured Party shall be a demand obligation owing by Debtor to Secured Party, and Secured Party, upon making such payment, shall be subrogated to all of the rights of the person, corporation or body politic receiving such payment. Any amounts due and owing by Debtor to Secured Party pursuant to this Agreement shall bear interest from the date such amount is expended by Secured Party until paid at the Past Due Rate and shall be a part of the secured indebtedness and shall be secured by this Agreement and by any other instrument securing the secured indebtedness.

4.3. Until default, Debtor may use the Collateral in any lawful manner not inconsistent with this Agreement or with the terms or conditions of any policy of insurance thereon and may also sell or lease the Collateral in the ordinary course of business, subject to the following additional limitations, if any: N/A

A sale in the ordinary course of business does not include a transfer in partial or total satisfaction of a debt. Until default, Debtor may also use and consume any raw materials or supplies, the use and consumption of which are necessary to carry on Debtor's business.

4.4. At any time prior to the termination of this Agreement, Secured Party may notify the account debtors or obligors of any accounts, chattel paper, negotiable instruments or other evidences of indebtedness remitted by Debtor to Secured Party as proceeds to pay Secured Party directly. Until Secured Party elects to exercise these rights, Debtor is authorized as agent of Secured Party to collect and enforce the accounts. The costs of collection and enforcement, including attorneys' fees and expenses, shall be borne solely by Debtor whether incurred by Secured Party or Debtor.

SECTION V. EVENTS OF DEFAULT.

Debtor shall be in default under this Agreement upon the happening of any of the following events or conditions (herein called an "Event of Default"):

- (a) Debtor shall fail to pay any principal of or interest on any secured indebtedness as and when due; or
- (b) Debtor does not pay any other borrowed money obligation when due or if the holder of such other obligation declares, or may declare, such obligation due prior to its stated maturity because of Debtor's default thereunder; or is in default or in violation of any law or regulation of any governmental authority having jurisdiction over Debtor or its assets or property; or
- (c) any representation or warranty made in connection with the execution and delivery of this Agreement, any note evidencing the secured indebtedness or any other instrument now or hereafter securing the indebtedness secured hereby shall prove to have been incorrect, false or misleading when made; or
- (d) default shall occur in the punctual performance of any covenant of Debtor or any other person contained in any note evidencing the secured indebtedness, this Agreement or in any other instrument now or hereafter securing or guaranteeing the indebtedness secured hereby; or
- (e) a final judgment for the payment of money shall be rendered against Debtor and the same shall remain undischarged for a period of thirty (30) days during which execution shall not be effectively stayed; or
- (f) Debtor shall make a general assignment for the benefit of creditors or shall commence (or suffer to be commenced against it) any proceeding under any bankruptcy, insolvency or reorganization law; or
- (g) Debtor shall fail generally to pay its debts as they become due, or suffer any writ of attachment or execution or any similar process to be issued or levied against it or substantially all of its property which is not released, stayed, bonded or vacated within thirty (30) days after its issue or levy; or
- (h) the death, dissolution, liquidation or termination of existence, insolvency or business failure of Debtor or the sale, conveyance, lease or other disposition of a substantial part of the assets of Debtor; or
- (i) a material adverse change shall occur in the business or financial condition of Debtor.

SECTION VI. REMEDIES IN EVENT OF DEFAULT.

6.1. Upon the occurrence of an Event of Default, or if Secured Party shall deem payment of Debtor's obligations to be insecure, and at any time thereafter, Secured Party shall have the option of declaring, without notice to any person, all indebtedness secured hereby, principal and accrued interest, to be immediately due and payable.

6.2. Upon the occurrence of an Event of Default, or if Secured Party shall deem payment of Debtor's obligations to be insecure, and at any time thereafter, Secured Party is authorized to take possession of the Collateral and of all books, records and accounts relating thereto and to exercise without interference from Debtor any and all rights which Debtor has with respect to the management, possession, operation, protection or preservation of the Collateral, including the right to sell the same for the account of Debtor and to deduct from such sales proceeds all costs, expenses and liabilities of every character incurred by Secured Party in collecting such sales proceeds, in managing and operating, maintaining, protecting or preserving the Collateral and to apply the remainder of such sales proceeds on the indebtedness secured hereby in such manner as Secured Party may elect. All such costs, expenses and liabilities incurred by Secured Party in collecting such sales proceeds and in managing, operating, maintaining, protecting or preserving such properties, if not paid out of such sales proceeds as hereinabove provided, shall constitute a demand obligation owing by Debtor and shall bear interest from the date of expenditure until paid at the Past Due Rate, all of which shall constitute a portion of the secured indebtedness. If necessary to obtain the possession provided for above, Secured Party may invoke any and all legal remedies to dispossess Debtor, including specifically one or more actions for forcible entry and detainer. In connection with any action taken by Secured Party pursuant to this paragraph 6.2., Secured Party shall not be liable for any loss sustained by Debtor resulting from any failure to sell the Collateral, or any part thereof, or from other act or omission of Secured Party in managing the Collateral unless such loss is caused by the willful misconduct and bad faith of Secured Party, nor shall Secured Party be obligated to perform or discharge any obligation, duty or liability under any sales agreement covering the Collateral or any part thereof, or under or by reason of this instrument or the exercise of rights or remedies hereunder.

- 6.3. Upon the occurrence of an Event of Default, or if Secured Party shall deem payment of Debtor's obligations to be insecure, and at any time thereafter, Secured Party shall have all the rights of a secured party after default under the Uniform Commercial Code of Texas and in conjunction with, in addition to or in substitution for those rights and remedies and the rights and remedies provided for herein:
- (a) Secured Party may enter upon Debtor's premises to take possession of, assemble and collect the Collateral or to render it unusable; and
 - (b) Secured Party may require Debtor to assemble the Collateral and make it available at a place Secured Party designates which is mutually convenient to allow Secured Party to take possession or dispose of the Collateral; and
 - (c) Written notice mailed to Debtor as provided herein ten (10) days prior to the date of public sale of the Collateral or prior to the date after which private sale of the Collateral will be made shall constitute reasonable notice; and
 - (d) It shall not be necessary that Secured Party take possession of the Collateral or any part thereof prior to the time that any sale pursuant to the provisions of this paragraph is conducted, and it shall not be necessary that the Collateral or any part thereof be present at the location of such sale; and
 - (e) Prior to application of proceeds of disposition of the Collateral to the secured indebtedness, such proceeds shall be applied to the expenses of retaking, holding, preparing for sale or lease, selling, leasing and the like and the attorneys' fees and legal expenses incurred by Secured Party, Debtor to remain liable for any deficiency; and
 - (f) The sale by Secured Party of less than the whole of the Collateral shall not exhaust the rights of Secured Party hereunder, and Secured Party is specifically empowered to make successive sale or sales hereunder until the whole of the Collateral shall be sold; and, if the proceeds of such sale of less than the whole of the Collateral shall be less than the aggregate of the indebtedness secured hereby, this Agreement and the security interest created hereby shall remain in full force and effect as to the unsold portion of the Collateral just as though no sale had been made; and
 - (g) In the event any sale hereunder is not completed or is defective in the opinion of Secured Party, such sale shall not exhaust the rights of Secured Party hereunder and Secured Party shall have the right to cause a subsequent sale or sales to be made hereunder; and
 - (h) Any and all statements of fact or other recitals made in any bill of sale or assignment or other instrument evidencing any foreclosure sale hereunder as to nonpayment of the indebtedness or as to the occurrence of any default, or as to Secured Party having declared all of such indebtedness to be due and payable, or as to notice of time, place and terms of sale and the properties to be sold having been duly given, as to any other act or thing having been duly done by Secured Party, shall be taken as prima facie evidence of the truth of the facts so stated and recited; and
 - (i) Secured Party may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Secured Party, including the sending of notices and the conduct of sale, but in the name and on behalf of Secured Party.
- 6.4. All remedies herein expressly provided for are cumulative of any and all other remedies existing at law or in equity and are cumulative of any and all other remedies provided for in any other instrument securing the payment of the secured indebtedness, or any part thereof, or otherwise benefiting Secured Party, and the resort to any remedy provided for hereunder or under any such other instrument or provided for by law shall not prevent the concurrent or subsequent employment of any other appropriate remedy or remedies.
- 6.5. Secured Party may resort to any security given by this Agreement or to any other security now existing or hereafter given to secure the payment of the secured indebtedness, in whole or in part, and in such portions and in such order as may seem best to Secured Party in its sole and uncontrolled discretion, and any such action shall not in any wise be considered as a waiver of any of the rights, benefits or security interests evidenced by this Agreement.
- 6.6. To the full extent Debtor may do so, Debtor agrees that Debtor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisal, valuation, stay, extension or redemption, and Debtor, for Debtor, Debtor's heirs, devisees, executors, administrators, representatives, successors, receivers, trustees, and assigns, and for any and all persons ever claiming any interest in the Collateral, to the extent permitted by law, hereby waives and releases all rights of redemption, valuation, appraisal, stay of execution, notice of intention to mature or declare due the whole of the secured indebtedness, notice of election to mature or declare due the whole of the secured indebtedness and all rights to a marshalling of the assets of Debtor, including the Collateral, or to a sale in inverse order of alienation in the event of foreclosure of the security interest hereby created.

SECTION VII. ADDITIONAL AGREEMENTS.

- 7.1. If all of the secured indebtedness be paid as the same becomes due and payable and if all of the covenants, warranties, undertakings and agreements made in this Agreement are kept and performed, then and in that event only, all rights under this Agreement shall terminate and the Collateral shall become wholly clear of the security interest evidenced hereby, and such security interest shall be released by Secured Party in due form at Debtor's cost.
- 7.2. Secured Party may waive any default without waiving any other prior or subsequent default. Secured Party may remedy any default without waiving the default remedied. The failure by Secured Party to exercise any right, power or remedy upon any default shall not be construed as a waiver of such default or as a waiver of the right to exercise any such right, power or remedy at a later date. No single or partial exercise by Secured Party of any right, power or remedy hereunder shall exhaust the same or shall preclude any other or further exercise thereof, and every such right, power or remedy hereunder may be exercised at any time and from time to time. No modification or waiver of any provision hereof nor consent to any departure by Debtor therefrom shall in any event be effective unless the same shall be in writing and signed by Secured Party and then such waiver or consent shall be effective only in the specific instances, for the purpose for which given and to the extent therein specified. No notice to nor demand on Debtor in any case shall of itself entitle Debtor to any other or further notice of demand in similar or other circumstances. Acceptance by Secured Party of any payment in an amount less than the amount then due on any secured indebtedness shall be deemed an acceptance on account only and shall not in any way affect the existence of a default hereunder.
- 7.3. Secured Party may at any time and from time to time in writing (a) waive Debtor's compliance with any covenant herein made by Debtor to the extent and in the manner specified in such writing; (b) consent to Debtor's doing any act which hereunder Debtor is prohibited from doing, or consent to Debtor's failing to do any act which hereunder Debtor is required to do, to the extent and in the manner specified in such writing; or (c) release any part of the Collateral or any interest therein from the security interest of this Agreement; or (d) release any party liable, either directly or indirectly, for the secured indebtedness or for any covenant herein or in any other instrument now or hereafter securing the payment of the secured indebtedness. No such act shall in any way impair the rights of Secured Party hereunder except to the extent specifically agreed to by Secured Party in such writing.
- 7.4. The security interest and other rights of Secured Party hereunder shall not be impaired by any indulgence, moratorium or release granted by Secured Party, including but not limited to (a) any renewal, extension or modification which Secured Party may grant with respect to any secured indebtedness; (b) any surrender, compromise, release, renewal, extension, exchange or substitution which Secured Party may grant in respect of any item of the Collateral, or any part thereof or any interest therein; or (c) any release or indulgence granted to any endorser, guarantor or surety of any secured indebtedness.
- 7.5. A carbon, photographic or other reproduction of this Agreement or of any financing statement relating to this Agreement shall be sufficient as a financing statement.
- 7.6. Debtor will cause all financing statements and continuation statements relating hereto to be recorded, filed, re-recorded and refilled in such manner and in such places as Secured Party shall reasonably request, and will pay all such recording, filing, re-recording and refiling taxes, fees and other charges.
- 7.7. In the event the ownership of the Collateral or any part thereof becomes vested in a person other than Debtor, Secured Party may, without notice to Debtor, deal with such person with reference to this Agreement and to the indebtedness secured hereby in the same manner as with Debtor without in any way vitiating or discharging Debtor's liability hereunder or upon the indebtedness secured hereby. No sale of the Collateral, no forbearance on the part of Secured Party and no extension of the time for the payment of the indebtedness secured hereby given by Secured Party shall operate to release, discharge, modify, change or affect, in whole or in part, the liability of Debtor hereunder for the payment of the indebtedness secured hereby or the liability of any other person hereunder or for the payment of the indebtedness secured hereby, except as agreed in writing by Secured Party.
- 7.8. To the extent that proceeds of the secured indebtedness are used to pay indebtedness secured by any outstanding lien, security interest, charge or prior encumbrance against the Collateral, such proceeds have been advanced by Secured Party at Debtor's request and Secured Party shall be subrogated to any and all rights, security interests and liens owned by any owner or holder of such outstanding liens, security interests, charges or encumbrances, irrespective of whether said liens, security interests, charges or encumbrances are released.
- 7.9. If any part of the secured indebtedness cannot be lawfully secured by this Agreement or if any part of the Collateral cannot be lawfully subject to the security interest hereof to the full extent of such indebtedness, then all payments made shall be applied on said indebtedness first in discharge of that portion thereof which is not secured by this Agreement.
- 7.10. Secured Party may assign this Agreement so that the assignee shall be entitled to the rights and remedies of Secured Party hereunder and in the event of such assignment, Debtor will assert no claims or defenses it may have against the assignee except those granted in this Agreement.
- 7.11. Any notice, request, demand or other communication required or permitted hereunder shall be given in writing by delivering same in person to the intended addressee, or by United States Postal Service, postage prepaid, registered or certified mail, return receipt requested, or by prepaid telegram (provided that such telegram is confirmed by mail in the manner previously described), sent to the intended addressee at the address shown herein, or to such different address as the addressee shall have designated by written notice sent in accordance herewith and actually received by the other party at least ten (10) days in advance of the date upon which such change of address shall be effective.
- 7.12. This Agreement shall be binding upon Debtor, and the heirs, devisees, administrators, executors, personal representatives, successors, receivers, trustees and assigns of Debtor, including all successors in interest of Debtor in and to all or any part of the Collateral, and shall inure to the benefit of Secured Party and the successors and assigns of Secured Party. All references in this Agreement to Debtor or Secured Party shall be deemed to include all such parties.
- 7.13. Secured Party in its discretion may, whether or not any of the indebtedness secured hereby be due, in its name or in the name of Debtor or otherwise, demand, sue for, collect or receive any money or other property at any time payable or receivable on account of or in exchange for, or make any compromise settlement deemed desirable with respect to, any of the Collateral, but Secured Party shall be under no obligation to do so.

- 7.14. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. A determination that any provision of this Agreement is unenforceable or invalid shall not affect the enforceability or validity of any other provision, and any determination that the application of any provision of this Agreement to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to any other persons or circumstances.
- 7.15. A determination that any provision of this Agreement is unenforceable or invalid shall not affect the enforceability or validity of any other provision, and any determination that the application of any provision of this Agreement to any person or circumstances is illegal or unenforceable shall not affect the enforceability or validity of such provisions it may apply to any other persons or circumstances.
- 7.16. Secured Party may, by any employee or employees it designates, execute, sign, endorse, transfer or deliver in the name of Debtor, notes, checks, drafts or other instruments for the payment of money and receipts or any other documents necessary to evidence, perfect and realize upon the security interests and obligations of this Agreement.
- 7.17. Notwithstanding anything to the contrary contained herein, if any secured indebtedness shall be indebtedness resulting from an extension of credit to a consumer (as such terms are defined or described in 12 C.F.R. 227, Regulation AA of the Federal Reserve Board) hereinafter referred to as "consumer credit obligation" then the collateral securing any such consumer credit obligation shall not extend to any nonpossessory security interest in household goods which is not a purchase money security interest (as defined in said Regulation AA), and no waiver of any notice herein shall be construed under any circumstances to extend to any waiver of notice which is prohibited by Regulation AA.
- 7.18. The term "Debtor" as used in this Agreement shall be construed as singular or plural to correspond with the number of persons executing this Agreement as Debtor. The pronouns used in this Agreement are in the masculine and neuter gender but shall be construed as feminine, masculine or neuter as occasion may require.
- 7.19. If more than one person executes this Agreement as Debtor, their obligations under this Agreement shall be joint and several.
- 7.20. The section headings appearing in this Agreement have been inserted for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this Agreement. Terms used in this Agreement which are defined in the Texas Uniform Commercial Code are used with the meanings as therein defined.
- 7.21. This Agreement shall be governed by and construed in accordance with the laws of the state of Texas and the United States of America.

Debtor, as lessor, will from time to time lease all or part of the Collateral to a third party or parties and will forthwith deliver to the Secured Party a true copy of any such lease. Debtor assigns and transfers to the Secured Party all such leases and all of the moneys, rentals, and other rights and benefits due and hereafter to become due or otherwise to accrue to the benefit of the Debtor under all such leases and grants to the Secured Party a security interest therein.

Debtor warrants to the Secured Party that: (a) no offsets, counterclaims or other defenses exist or shall be permitted to arise in favor of the lessees, or any of them, under any such leases; (b) Debtor has not made and will not hereafter make any other assignment of the leases or the moneys and benefits due or to accrue under the leases, except to the Secured Party; (c) this assignment shall not impose upon the Secured Party any of the obligations of the Debtor under any such leases; and (d) Debtor will not in any manner hinder or interfere with the Secured Party in making collections under this assignment but will, unless otherwise instructed in writing by the Secured Party, in its own name and at its own expense, but for the account of the Secured Party, attempt to collect all moneys due and becoming due under the leases and deliver the same in the form received by Debtor, with any endorsements necessary for collection, to the Secured Party to be applied in payment upon the indebtedness secured hereby.

Debtor authorizes and empowers the Secured Party, without notice to Debtor and regardless of the occurrence or non-occurrence of any default by Debtor, either in the name of Debtor or in its own name and right to ask, demand, collect, receive, receipt for, and prosecute any claim or effect any settlement for the moneys due and to become due to Debtor under or pursuant to the leases and agrees that the receipt of the Secured Party for any such sums shall be binding upon Debtor and constitute the valid receipt of Debtor therefor, even though any such sum or sums may be in excess of the indebtedness then due and owing by Debtor to the Secured Party.

Debtor and Secured Party elect and agree that the transaction contemplated by this document will be governed by the Texas Uniform Commercial Code, notwithstanding §9.104 of the Texas Uniform Commercial Code, except 49 United States Code §11303 will govern any recordation or filing of this document or notice of the rights conferred by this document.

COLLATERAL DESCRIPTION

The Collateral of this Security Agreement is of the following description:

THREE RAILROAD CARS - AAR MECHANICAL DESIGNATION: CLASS

111A100W1; CAR TYPE T103; SERIAL NUMBERS #SANX 2006, SANX

2007, SANX 2008; AUTOMATIC IDENTIFICATION CODE 1526

This written loan agreement represents the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties.

There are no unwritten oral agreements between the parties.

DEBTOR:
SAN ANGELO TANK CAR LINE, INC.
By: James H. Green Sr.
James H. Green Sr., President

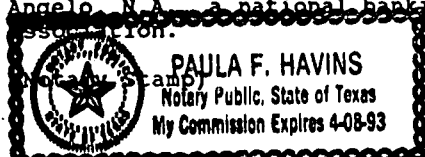
Date: 12-2-91

SECURED PARTY:
TEXAS COMMERCE BANK-SAN ANGELO NATIONAL ASSOCIATION
By: Willie Tambunga
Willie Tambunga

Date: 12-2-91

THE STATE OF TEXAS)
COUNTY OF TOM GREEN)

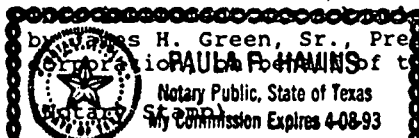
This instrument was acknowledged before me on 12-2-91, by Willie Tambunga, Commercial Loan Officer of Texas Commerce Bank-San Angelo, N.A., a national banking association, on behalf of the association.



Paula F. Havins
Notary Public, State of Texas

THE STATE OF TEXAS)
COUNTY OF TOM GREEN)

This instrument was acknowledged before me on 12-2-91, by James H. Green, Sr., President of San Angelo Tank Car Line, Inc., a corporation, on behalf of the corporation.



Paula F. Havins
Notary Public, State of Texas